

TRAC Sales and Use Tax Exemption Subcommittee - Draft Revenue Table

Code Section	Description	Action	Estimated Revenue	Notes
11-35-XXX	New section prohibiting governmental bodies and political subdivisions from purchasing tangible property from retailers/contractors unless those retailers contractors become licensed by DOR and agree to remit sales tax to the state, under certain conditions. Includes non-resident sellers.	Add	To be Determined	Relates to issues TRAC has been studying relative to ecommerce/nexus/"Amazon" etc. Requires all affiliates of state vendors to collect and remit sales taxes on sales made (typically through the internet) to state residents
12-36-60	Definition of Tangible Goods	Expanded list of certain intangibles and services to include data processing and software including software transferred electronically and other digital goods, among other services yet to be determined.	To be Determined	Also note that the TRAC subcommittee on Intangibles and Services is studying which services are taxed in US and which to tax in SC; revenue will be used to lower overall sales tax rate
12-36-71	NEW: Relates to issues TRAC has been studying relative to ecommerce/nexus/"Amazon" etc. Adds the "Amazon Law"	Add	To be Determined	"Attributional Nexus" whereby an out of state retailer with a contractual agreement with a SC resident to refer business is subject to sales tax
12-36-80	Definition of "Retailer Maintaining a Place of Business in the State"	Amend to expand definition to include affiliated entities as defined, independent contractors or representatives and certain out-of-state retailers as defined.	To be Determined	"Attributional Nexus" whereby companies with "bricks and mortar" in SC are required to collect sales taxes on sales over the internet by affiliated internet companies
12-36-90	Definition of Gross Proceeds	Amend (see below)		
(1)(vii)	Installation Charges	Add	To be Determined	Adds to the definition of "gross proceeds of sales"
(1)(C)(v)	Excludes dealer demonstrator cars from tax	Repeal	To be Determined	
(2)(e)	Excludes cars with dealer and other tags from tax	Repeal	To be Determined	
12-36-110	Definition of Retail Sale	Amend (see below)		
(1)(C)(iv)	Excludes from "withdrawal for use" definition			

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	materials, containers, bags, etc, used incident to tangible sale	Repeal	To be Determined	
(1)(C)(v)	Excludes from "withdrawal for use" definition			
	cars with dealer and other tags from tax	Repeal	To be Determined	
12-36-130	Definition of "Sales Price"	Amend to include "installation" charges in the definition	To be Determined	
12-36-140	Definition of "Storage" and "Use"			
(C)(3)	Excludes from "use" definition storage of direct mail, etc.	Repeal	To be Determined	Relates to ST Exemption 12-36-2120(58)
12-36-160	NEW - Definition of Computer Software	Add	To be Determined	
12-36-170	NEW - Definition of Digital Products	Add	To be Determined	
12-36-180	NEW - Definition of Data Processing	Add	To be Determined	
12-36-910	Tax Rate and application of rate to certain items	Amend (Incorporates definitions of computer software, digital products and data processing referenced above and deletes exclusion of tax abilicability to data processing.	To be Determined	
12-36-1110	Excludes the State Accommodations Tax, items subject to "max taxes" and groceries from extra penny effective June 2007	Repeal	To be Determined	Relates to ST Exemption 12-36-2110 and 2120(75)
12-36-1310	Use Tax	Amend (makes same changes in 12-36-910 (sales tax) to use tax statute as well for consistant reasons.	To be Determined	
12-36-1340	Collection of Tax by Retail Sellers	Amend	To be Determined	"Attributional Nexus" whereby persons soliciting through independent contractors are required to obtain sales tax licenses.
12-36-2110	Maximum Sales Tax Caps			
(A)	Motor vehicles, motorcycles, boats, airplanes, trailer or semitrailer pulled by a truck, horse trailers, recreational vehicles, and self-propelled light construction equipment	Amend (see below)		

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(A)(1)	Airplanes	Amend by raising cap to \$600 in Yr. 1, \$1,000 in Yr. 2, and \$1,200 Yr. 3 and beyond.	To be Determined	
(A)(2)	Motor Vehicles	Amend by raising cap to \$600 in Yr. 1, \$1,000 in Yr. 2, and \$1,200 Yr. 3, no cap in Yr. 4 and beyond.	\$61,025,238	
(A)(3)	Motorcycles	Amend by raising cap to \$600 in Yr. 1, \$1,000 in Yr. 2, and \$1,200 Yr. 3, no cap in Yr. 4 and beyond.	To be Determined	
(A)(4)	Boats	Amend by raising cap to \$600 in Yr. 1, \$1,000 in Yr. 2, and \$1,200 Yr. 3 and beyond.	To be Determined	
(A)(5)	Semitrailers and Horse Trailers	Amend by raising cap to \$600 in Yr. 1, \$1,000 in Yr. 2, and \$1,200 Yr. 3 and beyond.	To be Determined	
(A)(6)	Recreational Vehicles	Amend by raising cap to \$600 in Yr. 1, \$1,000 in Yr. 2, and \$1,200 Yr. 3 and beyond.	To be Determined	
(A)(7)	Self-propelled light construction equipment with a maximum of 160 net engine horsepower	Repeal	\$2,930,080	
(A)(?)	NEW - Railroad cars, monorail cars and locomotives	Institute cap to conform, ie, \$600 in Yr. 1, \$1,000 in Yr. 2, and \$1,200 Yr. 3 and beyond.	To be Determined	Note: This is a partial recodification of the repeal of (20)
(A)(?)	NEW - Vessels or barges	Institute cap to conform, ie, \$600 in Yr. 1, \$1,000 in Yr. 2, and \$1,200 Yr. 3 and beyond.	To be Determined	Note: This is a partial recodification of the repeal of (21)
(B)	Sale of Manufactured Homes	Repeal (see side note)	\$13,300,450	Partially recodified in (34)
(C)	The sale of musical instruments or office equipment purchased by religious organizations	Keep	\$0	
(D)	Repealed: Machines used in research and development (refer to Section 12-36-2120(56))	N/A	\$0	

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(E)	Equipment provided, supplied, or installed on a firefighting vehicle	Repeal	\$870,000	
12-36-2120	Exemptions From Sales Tax			
(1)	Exemptions prohibited by the US or SC Constitutions	Keep	\$0	
(2)	Tangible personal property sold to the federal government	Repeal	To be Determined	
(3)	Publications and on-line access used in a course of study in all schools or for students' use in the school library	Keep but Amend to clarify exemption applies to transactions subject to the tax under 12-36-910(B)(3) relating to "the transmission of voice or messages".	To be Determined	
(4)	Sale of livestock used primarily as beasts of burden and livestock that provide, food, pelts, or fur.	Keep (Amend to clarify/technical)	\$0	
(5)	Feed for production and maintenance of poultry and livestock	Repeal (Recodify in (6) below)	\$0	
(6)	Insecticides, chemicals, fertilizers, soil conditioners, seeds, seedlines, or nursery stock, used in production of farm products, or in the cultivation of poultry or livestock feed.	Keep (Amend - see side note)	\$0	Add feed, fuel for cotton gin and natural/LP gas from other exemptions
(7)	Containers and labels used for preparing agriculture, dairy, grove, garden, turpentine and gum resin for sale	Repeal	\$600,000	
(8)	Newsprint paper, newspapers, religious publications, and Dept. of Agriculture's "Market Bulletin"	Amend (See below)		
	Newsprint paper	Keep	\$0	
	Newspaper sales	Repeal	\$6,983,466	
	Market Bulletin	Keep	\$0	
(9)	Coal, coke, or fuel sold to manufacturers, electric power companies, and transportation companies	Keep (Amend - see side note)	\$0	Add "recyclers" to definition/repeal separate recycler exemption
	Electric Utility	Keep	\$0	
	Other Industry	Keep	\$0	
	Transportation	Keep	\$0	
(10)	Meals or foodstuffs used in school meals, for the elderly, disabled, homeless, or needy.	Keep	\$0	
(11)	Toll charges for transmission of messages and transactions	Amend (See below)		

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(A)	Voice messages between telephone exchanges (long distance)	Repeal	\$45,766,650	
(B)	Telegraph messages	Repeal	negligible	
(C)	Carrier and customer access charges established by FCC or SC Public Service Commission	Repeal	\$22,883,325	
(D)	Automatic teller machine transactions	Keep but Amend to clarify that this exemption applies to "electronic" transactions.	To be Determined	
(12)	Water sold by public utilities, if rates and charges are the kind determined by the Public Service Commission or sold by a nonprofit corporation falling under Chapter 36 of Title 33	Amend to tax, but continue to exempt 50% of proceeds.	\$13,641,600	
(13)	Vessel Bunkering	Keep	\$0	
(14)	Wrapping paper, twine, bags, and containers for sale and delivery of tangible personal property	Repeal	\$24,974,700	
(15)	Fuel under Chapter 28 Title 12	Keep (See side note)		TENTATIVE-TRAC Fuel Tax Subcommittee looking into - Regardless, Earmark for Roads/Reduce Excise (Do not include in overall rate reduction - set this amount "aside")
(A)	On-Highway	Keep	\$0	
(A)	Off-Highway	Keep	\$0	Same as 15(A) above
(C)	Farm machinery and tractors	Keep	\$0	
(D)	Commercial fishing vessels	Keep	\$0	
	Construction (?)	Keep	\$0	Verify with BEA
	Military (? - Related to 12-28-710?)	Keep	\$0	Verify with BEA
(16)	Farm machinery and replacement parts and attachments used in planting, cultivating or harvesting farm crops, preservation of milk on dairy farms, poultry products on poultry farms, when sold in the original state of production or preparation for sale.	Keep	\$0	
(17)	Machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale	Keep (Amend - see side note)	\$0	Technical - delete extraneous language

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(18)	Fuel to cure agriculture products	Repeal (Recodify in (6) above)	\$0	
	Cure Tobacco	Repeal (Recodify in (6) above)	\$0	
	Cure Corn	Repeal (Recodify in (6) above)	\$0	
	Cure Peanuts	Repeal (Recodify in (6) above)	\$0	
(19)	Electricity for cotton gins, manufacturers, miners, or quarries for the sale of tangible personal property	Keep (Amend - see side note)	\$0	Add "recyclers" to definition/repeal separate recycler exemption-Do we need reference to 12-6-3460?
(20)	Railroad cars, locomotives and their parts, monorail cars, and engines or motors that propel them, and parts	Repeal (see side note)	To be Determined	Partially recodified in 12-6-2110(A)(?)
(21)	Vessels and barges more than 50 tons burden	Repeal	To be Determined	Partially recodified in 12-6-2110(A)(?)
(22)	Missile assembly materials used by the Armed Forces of the US	Repeal	\$0	Technical/not taxable under other provisions
(23)	Farm, grove, vineyard and garden products sold in original state of production or preparation for sale, when sold by the producer or members of the producers immediately family	Repeal	\$412,400	
(24)	Supplies and equipment bought by laundries, dry cleaners, and carpet cleaners	Keep	\$0	
(25)	Out of state residents of the US Armed Forces vehicle purchases when by reason of orders is located in SC	Repeal	\$2,225,000	
(26)	Supplies, technical equipment, machinery, and electricity sold to television and radio stations, and cable television systems	Repeal	\$9,150,000	
(27)	Plants and animal sales to public zoo's or gardens or its nonprofit support corporations	Repeal	\$4,290	

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				Prescription medicine when reimbursed in whole or in part by Medicaid/care remains exempt. Free samples of prescription medicine remains exempt as does medicine donated to a public institution of higher education when used for research or for treatment of indigent patients (remains exempt). Non-Medicaid/care prescription medicine is taxable, but at 50% of gross proceeds. Prior to final rate reduction under proposal, that equates to an effective tax rate of 3.0%. Based on estimated initial rate reduction to 4.96%, actual effective tax rate here will be 2.48% (or lower).
(28)	(a)(1) Medicine sold by Rx	Amend (see side note)	\$153,244,865	
				Prescription prosthetics when reimbursed in whole or in part by Medicaid/care remains exempt. Non-Medicaid/care prosthetics is taxable, but at 50% of gross proceeds. Prior to final rate reduction under proposal, that equates to an effective tax rate of 3.0%. Based on estimated initial rate reduction to 4.96%, actual effective tax rate here will be 2.48% (or lower).
	(a)(2) Prosthetics sold by Rx	Amend (see side note)	\$549,125	

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				<p>Under current law, sales of medicines and prosthetics to doctors, hospitals, infirmaries, sanitariums, nursing homes, dentists, optomitrists, and veterinarians are taxable at 6%, except for the specific exemptions. These specific drugs (RSV, RA, Cancer) would become taxable, but at 50% of gross proceeds. Prior to final rate reduction under proposal, that equates to an effective tax rate of 3.0%. Based on estimated initial rate reduction to 4.96%, actual effective tax rate here will be 2.48% (or lower); thereby further reducing the otherwise estimate tax liability shown.</p>
	(a)(3) Rx medicine purchased by healthcare providers/institutions related to RSV, RA and/or cancer (exempt under current law).	Amend (see side note)	\$11,713,973	
	(b) Rx medicine and prosthetics sold to doctors, hospitals, infirmaries, sanitariums, nursing homes, dentists, optomitrists, and veterinarians (excluding RSV, RA and cancer already exempt)	Amend (see side note)	(\$33,446,985)	<p>Under current law, sales of medicines and prosthetics to doctors, hospitals, infirmaries, sanitariums, nursing homes, dentists, optomitrists, and veterinarians are taxable at 6%, unless otherwise exempt. Such medicines and prosthetics would still be taxable, but only at 50% of gross proceeds, thereby generating a "tax savings" in the statewide aggregate of \$33.4 Million (or more as the rate lowers) for those providers.</p>

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				Insulin/diabetic related supplies reimbursed in whole or in part by Medicaid/care remain exempt. Non-Medicaid/care insulin/diabetic related supplies are taxable, but at 50% of gross proceeds. Prior to final rate reduction under proposal, that equates to an effective tax rate of 3.0%. Based on estimated initial rate reduction to 4.96%, actual effective tax rate here will be 2.48% (or lower).
	(c) Insulin/diabetic relatad supplies	Amend (see side note)	\$2,394,625	
				Taxable, but at 50% of gross proceeds. Prior to final rate reduction under proposal, that equates to an effective tax rate of 3.0%. Based on estimated initial rate reduction to 4.96%, actual effective tax rate here will be 2.48% (or lower).
	(d) Disposable Medical supplies	Amend (see side note)	\$80,055	
				Dental prosthetics reimbursed in whole or in part by Medicaid/care remain exempt. Non-Medicaid/care prosthetics taxable, but at 50% of gross proceeds. Prior to final rate reduction under proposal, that equates to an effective tax rate of 3.0%. Based on estimated initial rate reduction to 4.96%, actual effective tax rate here will be 2.48% (or lower).
	(e) Dental prosthetic devices	Amend (see side note)	\$986,512	

	(f) Rx drugs sold to Nursing Homes and dispensed toMedicare Part A residents	Amend (see side note)	\$767,536	Taxable, but at 50% of gross proceeds. Prior to final rate reduction under proposal, that equates to an effective tax rate of 3.0%. Based on estimated initial rate reduction to 4.96%, actual effective tax rate here will be 2.48% (or lower).
(29)	Sale of tangible personal property by persons under written contract with the federal government where the property is later transferred to the federal government	Repeal	To be Determined	
(30)	Supplies, commodities, and services resold by Div. of General Services of SCB&CB to department and state agencies, if the tax was paid on the divisions original purchase	Keep	\$0	
(31)	Vacation time sharing plans, vacation multiple ownership interests, and exchanges of interests in vacation time sharing plans and vacation multiple ownership interests as provided by Chapter 32 of Title 27, and any other exchange of accommodations in which the accommodations to be exchanged are the primary consideration	Repeal	\$5,316,000	
(32)	Natural and liquefied petroleum gas and electricity used exclusively in the production of poultry, livestock, swine, and milk	Repeal (Recodify in (6) above)	\$0	
(33)	Electricity or any combustible heating material or substance use for residential purposes	Amend to tax, but continue to exempt 50% of proceeds.	\$94,111,673	
	Electricity	See 33 above		
	Natural Gas	See 33 above		
	Kerosene	See 33 above		
	Fuel Oil	See 33 above		
	Coal	See 33 above		
	LP Gas	See 33 above		
(34)	Modular homes 50% of gross proceeds of the sale	Amend to add "or manufactured homes"	To be Determined	
(35)	Motion picture film sold or rented to or by theaters	Keep	\$0	

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(36)	Tangible personal property sold out of state	Keep	\$0	
(37)	Petroleum asphalt products, used in paving, purchased in this state, which are transported and consumed out of state	Keep	\$0	
(38)	Hearing aids	Repeal	\$2,148,568	
(39)	Concession sales at a festival by an organization devoted exclusively to public or charitable purposes	Repeal	\$475,000	
(40)	Containers and chassis including parts sold to international shipping lines in contract with SCSPA and used for import and export of goods to and from South Carolina	Repeal	\$550,000	
(41)	Organizations exempt under 12-37-220(A),(3-4), and B(5-8), (12), (16), (19), (22), and (24) if the net proceeds are used exclusively for exempt purposes and no benefit inures to any individual	Repeal	\$6,725,000	
(42)	Depreciable assets used in the operation of a business pursuant to the sale of the business, when the entire business is sold by the owner	Keep	\$0	
(43)	All supplies, technical equipment, machinery, and electricity sold to motion picture companies for use in filming or producing a motion picture	Repeal as duplicative of the Film Commission section	\$0	
(44)	Electricity to irrigate crops	Repeal (Recodify in (6) above)	\$0	
(45)	Building materials, supplies, fixtures, and equipment for the construction repair or improvement of commercial housing of poultry or livestock	Repeal	\$63,000	
(46)	War memorials or monuments affixed to pubic property	Keep	\$0	
(47)	Tangible personal property sold to charitable hospitals serving children where care is provided without charge	Repeal (recodify in (63))	\$0	
(48)	Solid waste disposal collection bags when the county or political subdivision requires the purchase of a specific bag for solid waste disposal	Repeal	\$38,979	
(49)	Postage paid by a person engaged in the business of selling advertising services for clients	Repeal	\$825,000	
(50)	Recycling property	Repeal (see side note)	\$0	The various exemptions for recycling property is repealed (and partially recodified in (9))

(51)	Material handling systems and equipment used in distribution facilities	Keep	\$0	
(52)	Parts and supplies used by business for repairing aircraft owned or leased by commercial carriers	Keep	\$0	
(53)	Motor vehicle extended service contracts and warranties	Repeal	\$1,188,000	
(54)	Clothing and attire for working in a Class 100 or better clean room environment	Repeal	\$40,000	
(55)	Audiovisual masters	Repeal	\$60,000	
(56)	Machines used in research and development	Keep	\$0	
(57)	Sales tax holiday in August	Amend (see side note)	\$2,175,000	Partial repeal-narrow just to school supplies
(58)	Cooperative direct mail promotional advertising materials, and maps, brochures, pamphlets, or discount coupons by nonprofit chambers of commerce or convention and visitor bureaus, delivered to residents of SC from locations inside or outside the State	Repeal	\$800,000	
(59)	Facilities for transmitting electricity that is transferred, sold, or exchanged to a limited liability company controlling electric transmission assets	Repeal	\$0	
(60)	Lottery tickets	Keep	\$0	
(61)	Copies of or access to legislation or other information documents provided to the general public or any other person by a legislative agency when a charge for these copies is made reflecting the agency's cost of the copies	Keep	\$0	
(62)	Seventy percent of portable toilet gross rental sales or leases	Keep	\$0	
(63)	Prescriptions and over the counter medicines and supplies sold to charitable clinics	Keep (Amend - see side note)	\$0	Add language from (47)
(64)	Sweet grass baskets made by SC artists	Repeal	\$30,000	
(65)	Computer equipment used in a technology intensive facility	Keep but amend to ensure updated law passed by GA is incorporated	\$0	
(66)	Electricity used by a technology intensive facility	Keep	\$0	

(67)	Sales tax on construction materials of a single manufacturing or distribution facility with a capital investment of at least \$100 million in real and personal property at a single site.	Keep but amend to ensure updated law passed by GA is incorporated	\$0	
(68)	Any property sold to the public through a sheriff's sale as provided by law	Repeal	\$331,872	
(69)	The sale or renewal of a warranty, maintenance, or similar service contract if the sale of the personal property is exempt from tax under Chapter 36	Keep	\$0	
(70)	Gold, silver, or platinum bullion; legal tender coins and currency	Repeal	\$82,860	
(71)	Any device, equipment, or machinery operated by hydrogen fuel cells, or used to generate, produce, or distribute hydrogen	Repeal	\$0	
(72)	Building materials used to construct a new or renovated building or any machinery or equipment located in a research district	Repeal	\$1,200,000	
(73)	Amusement park rides and any parts, machinery, and equipment to assemble and operate a ride or performance venue	Keep	\$0	
(74)	Durable medical equipment which is paid by state or federal Medicaid funds	Amend (see side note)	(\$5,025,000)	Currently, this exemption is only valued at one half of one percent (0.5) as the phase-in trigger test has not been met. This amendment would therefore enhance the current exemption by exempting 50% of the gross proceeds, effectively creating a tax rate of 3% (or less depending on the final rate) . This produces a "tax savings" for DME providers of at least \$5 Million (or more as final rate is determined).
(75)	Unprepared food that may be purchased with United States Department of Agriculture food coupons	Amend to tax, but continue to exempt 50% of proceeds.	\$212,637,389	

(76)	Sales tax holiday on firearms purchased on the Friday and Saturday after Thanksgiving	Repeal	\$0	Unconstitutional/not in effect (see below Proviso 89.107)
(77)	Sales tax holiday on noncommercial home and personal energy efficient products meeting or exceeding the requirements of the ENERGY STAR program	Repeal	\$1,240,206	Unconstitutional/not in effect
12-36-2130				
(1)	Use Tax Exemption	N/A	\$0	
(2)	Purchases made by museums	Keep	\$0	
12-36-2610	Discount for timely filed payment of tax, maximum discount of \$10,000 for voluntarily registered out-of-state retailers and \$3,000 for all other retailers (\$3,100 for retailers filing by EFT)	Amend (see side note)	\$16,000,000	Reduce from 2% to 1% and overall cap from \$3100 to \$1000 (or \$1500 for electronic filing.
12-36-2620				
(2)	1% sales tax exemption for those 85 years and older	Repeal	\$5,473,960	
	Sales and Use Tax Provisos			
89.47	Private Schools - Use Tax Exemption	Repeal	To be Determined	
89.79	Respiratory syncytial virus medicines	Amend (see side note)	\$1,064,159	Would fall under (28) 50% gross proceeds
89.77	Viscosupplementation therapies sales	Amend (see side note)	\$198,557	Would fall under (28) 50% gross proceeds
89.107	Sales tax holiday on firearms purchased on the Friday and Saturday after Thanksgiving	Repeal	\$15,000	See (76) above
	Ancillary Sales and Use Tax Provisions			
12-11-30	Sales Tax on Banks	Amend	To be Determined	
12-13-50	Sales Tax on S&Ls	Amend	To be Determined	
13-17-90	Exemption from taxation - SCRA	Amend	To be Determined	
38-29-150	Exemption of Association from taxes - Life and Accident	Amend	To be Determined	
38-31-130	Exemption of Association from taxes - Prop and Casualty	Amend	To be Determined	
44-7-2120	Exemption of districts from state and local taxes	Amend	To be Determined	

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	Total Repealed or Amended (excluding those To be Determined)		\$688,822,126	
	Total revenue needed for revenue neutrality (FY08-09)		\$3,288,600,635	
	Current Gross Retail Sales Base (excludes current exemptions)		\$54,810,010,583	
	Expanded Sales Tax Base from repealed or amended exemptions		\$11,480,368,769	
	Total revised base		\$66,290,379,353	
	New (Lower) Sales Tax Rate from Broader Base*		4.96%	
	*Note: All estimates contained herein are preliminary and unofficial pending requisite analysis by the Board of Economic Advisors			